

ONE Minute Brief

15 July 2020

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Economic and political news

In South Africa (SA), gold production dropped 20.3% on a yearly basis in May, compared to a revised plunge of 60.2% in the previous month. Additionally, mining production declined 29.8% on an annual basis in May, compared to a revised drop of 50.3% in the previous month.

South African Airways (SAA) creditors and unions have approved a rescue plan for the airline that includes at least ZAR26.7bn (USD1.6bn) in state funding and thousands of job losses. Separately, the Department of Public Enterprises (DPE) has appointed Phillip Saunders as a new interim Chief Executive to guide the airline during its rescue process.

The Economic Freedom Fighters (EFF) has called for the immediate removal of Eskom's Chief Operating Officer (COO) Jan Oberholzer, citing corruption and nepotism.

Eskom's Chief Executive Officer (CEO), Andre de Ruyter, stated that the current round of rolling blackouts would ease this week but load-shedding would remain for rest of the week.

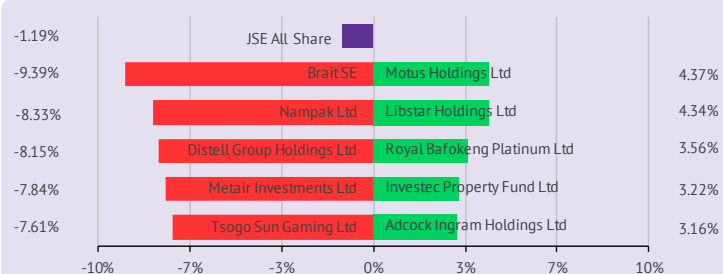
Health Minister Zweli Mkhize confirmed that the number of COVID-19 cases in the country had increased to 298,292.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, amid concerns over economic recovery as several countries re-imposed lockdown restrictions due to rising coronavirus cases. The JSE All Share Index fell 1.2% to close at 55,531.05.

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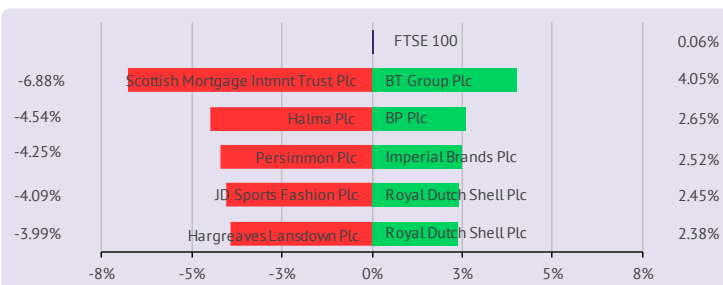


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, as energy stocks gained after a rise in oil prices. The FTSE 100 Index advanced 0.1% to close at 6,179.75. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

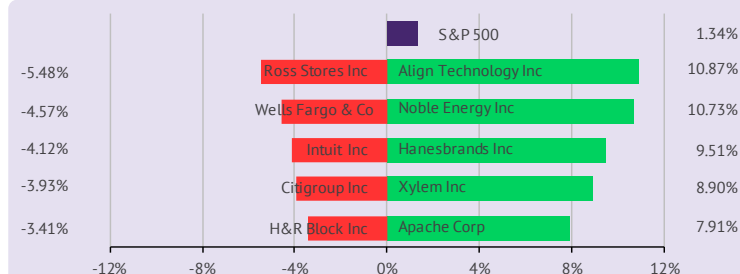
	As at 14 July 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55531.05	▼ -668.41	-1.19	0.20	2.15	7.68	-2.72
JSE Top 40 (ZAR)	51235.09	▼ -639.72	-1.23	0.16	2.11	7.80	0.82
FTSE 100 (GBP)	6179.75	▲ 3.56	0.06	1.38	0.16	1.53	-18.07
DAX 30 (EUR)	12697.36	▼ -102.61	-0.80	0.50	3.14	6.25	-4.16
CAC 40 (EUR)	5007.46	▼ -48.77	-0.96	0.74	1.45	5.12	-16.24
S&P 500 (USD)	3197.52	▲ 42.30	1.34	0.39	3.14	1.84	-1.03
Nasdaq Composite (USD)	10488.58	▲ 97.74	0.94	-1.21	4.27	5.99	16.90
DJIA (USD)	26642.59	▲ 556.79	2.13	2.18	3.21	1.69	-6.64
MSCI Emerging Markets (USD)	1059.52	▼ -11.84	-1.11	-0.91	6.47	6.96	-4.95
MSCI Developed World (USD)	2270.69	▲ 16.93	0.75	0.49	3.13	2.51	-3.72

US Market ▲

US markets closed firmer

US markets closed higher yesterday, boosted by gains in energy and material sector stocks. The S&P 500 Index climbed 1.3% to close at 3,197.52. Today, the S&P 500 futures are trading in the green.

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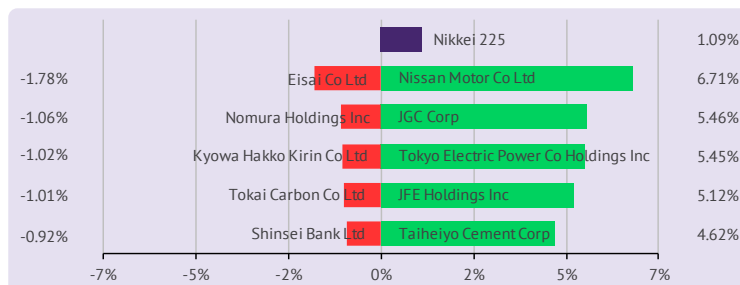


Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning, amid rising hopes for a potential coronavirus treatment. As at 6:00 SAST, the Nikkei 225 Index is trading 1.1% higher at 22,834.04.

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USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% lower against the South African Rand at R16.7106. Later today, traders will keep a close watch on the US NY Empire State manufacturing index, the MBA mortgage applications, industrial production and Fed's Beige Book for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US NFIB business optimism index unexpectedly climbed in June. Additionally, the consumer price index (CPI) rebounded in June. Data indicated that SA's, both gold production and mining production declined on a yearly basis in May.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound declined 0.1% against the South African Rand to trade at R21.0016. Ahead in the day, traders will keep an eye on UK's CPI, retail price index, the DCLG house price index and the producer price index (PPI) for further indication.

The British Pound declined against the South African Rand yesterday, after data indicated that Britain's economy was recovering more slowly than estimated. Data showed that UK's gross domestic product (GDP) advanced less than market forecast in May. Moreover, the NIESR GDP estimate unexpectedly declined in June. Meanwhile, manufacturing production rebounded on a monthly basis in May. Additionally, industrial production advanced in line with market anticipations in May. Also, total trade surplus widened in May.

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EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.2% lower against the South African Rand at R19.0437. Amid no major economic releases across the Eurozone today, market sentiment will be determined by global macroeconomic news.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's seasonally adjusted industrial production advanced less-than-anticipated on a monthly basis in May. Moreover, the ZEW economic sentiment index climbed less than market forecast in July. Separately, Germany's final CPI rose in June. Meanwhile, the ZEW current situation index climbed less than market consensus in July. Additionally, the ZEW economic sentiment index fell more than market expectations in July.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% higher against the South African Rand at R11.6842. Earlier in the session, Australia's Westpac consumer confidence index declined in July.

The Australian Dollar fell against the South African Rand yesterday.

Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	16.7106	▲	-0.63	-0.22	-3.46	-1.11	19.65
GBPZAR	21.0016	▲	-0.69	-0.77	-2.36	-0.70	13.20
EURZAR	19.0437	▲	-0.17	0.58	-2.08	0.09	21.58
AUDZAR	11.6842	▼	-0.17	0.11	-2.51	2.35	18.69
EURUSD	1.1396	▼	0.49	0.88	1.48	1.20	1.67
GBPUSD	1.2568	▲	-0.02	-0.55	1.23	0.47	-5.31
Brent (\$/barrel)	43.1	▲	0.42	-0.79	3.95	9.06	-35.00
Gold (\$/oz)	1811.7	▼	-0.04	0.64	0.72	3.66	19.06
Platinum (\$/oz)	836.4	▲	-3.03	-1.00	-1.49	-3.88	-14.74
Copper (\$/MT)*	6495.5	▼	-1.28	1.20	8.18	12.19	5.64

*As of previous close, #As on 06:00 SAST

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.1% lower to trade at \$1,811.70/oz, as resurgence in COVID-19 cases and geopolitical tensions between the US and China increased demand for the safe haven metal.

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Yesterday, gold prices marginally fell to close at \$1,813.40/oz.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil gained 0.5% to trade at \$43.10/bl, after the American Petroleum Institute (API) reported that crude oil inventories declined by 8.3mn bls for the week ended 10 July.

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Yesterday, Brent crude oil advanced 0.4% to settle at \$42.90/bl.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 1.0% higher to trade at \$836.40/oz.

Yesterday, platinum prices dropped 3.0% to close at \$828.20/oz.

Major South African corporate news

Foschini Group Limited

The Foschini Group (TFG) announced that it is seeking to raise up to ZAR3.95bn (USD235.35mn) through a rights offer to cut its debt.

Aspen Pharmacare Holdings Limited

The company has offered to cut prices for six off-patent cancer medicines to address concerns about excessive pricing.

Major global economic news

UK

In the UK, GDP rose 1.8% on a monthly basis in May, less than market expectations and compared to a revised plunge of 20.30% in the previous month.

In May, manufacturing production jumped 8.4% on a monthly basis in the UK, compared to a revised drop of 24.4% in the prior month.

In the UK, total trade surplus widened to GBP4.30bn in May, compared to a revised surplus of GBP2.31bn in the prior month.

In May, industrial production climbed 6.0% on a monthly basis in the UK, at par with market expectations and compared to a revised drop of 20.2% in the previous month.

In the UK, the NIESR GDP estimate unexpectedly declined to 21.2% in June, compared to a revised drop of 19.1% in previous month.

Eurozone

In the Eurozone, seasonally adjusted industrial production climbed 12.40% on a monthly basis in May, less than market consensus and compared to a revised drop of 18.2% in the previous month.

In July, the ZEW economic sentiment index advanced to 59.60 in the Eurozone, less than market expectations and compared to a level of 58.60 in the prior month.

In Germany, the final CPI rose 0.9% on an annual basis in June, compared to a rise of 0.6% in the previous month. The preliminary figures had also recorded an advance of 0.9%.

In July, the ZEW current situation index climbed to -80.90 in Germany, less than market forecast and compared to a level of -83.10 in the previous month.

In Germany, the ZEW economic sentiment index dropped more-than-expected to 59.30 in July, compared to a reading of 63.40 in the previous month.

Asia

In Japan, final industrial production plunged 26.3% on an annual basis in May, compared to drop of 15.0% in the previous month. The preliminary figures had indicated a fall of 25.9%.

In Australia, the Westpac consumer confidence index dropped to 87.90 in July, compared to a reading of 93.70 in the previous month.

The Bank of Japan (BoJ), in its latest monetary policy decision, kept its key interest rate unchanged at -0.10%, as widely expected.

US

In the US, the NFIB business optimism index unexpectedly climbed to 100.60 in June, compared to a reading of 94.4 in the earlier month.

In June, the CPI rose 0.6% on an annual basis in the US, more than market forecast and compared to a rise of 0.1% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	05:00	BoJ Interest Rate Decision	✓✓✓	-0.10%*	-0.10%	As Scheduled
Japan	05:00	BoJ Monetary Policy Statement	✓✓✓	-	-	As Scheduled
Japan	05:00	BoJ outlook report	✓✓	-	-	As Scheduled
Japan	08:00	BoJ Press Conference	✓✓✓	-	-	As Scheduled
UK	08:00	Retail Price Index (Jun)	✓	-	292.20	Monthly
UK	08:00	Consumer Price Index (MoM) (Jun)	✓	0.00%	0.00%	Monthly
UK	08:00	Consumer Price Index (YoY) (Jun)	✓	0.40%	0.50%	Monthly
UK	08:00	Producer Price Index - Input n.s.a. (MoM) (Jun)	✓	3.00%	0.30%	Monthly
UK	08:00	Producer Price Index - Input n.s.a. (YoY) (Jun)	✓	-6.50%	-10.00%	Monthly
UK	08:00	Producer Price Index - Output n.s.a. (MoM) (Jun)	✓	0.20%	-0.30%	Monthly
UK	08:00	Producer Price Index - Output n.s.a. (YoY) (Jun)	✓	-1.10%	-1.40%	Monthly
UK	08:00	Retail Price Index (MoM) (Jun)	✓	0.20%	-0.10%	Monthly
UK	08:00	Retail Price Index (YoY) (Jun)	✓	1.00%	1.00%	Monthly
South Africa	10:00	Consumer Price Index (MoM) (May)	✓✓	-0.50%	-0.50%	Monthly
South Africa	10:00	Consumer Price Index (YoY) (May)	✓✓	2.20%	3.00%	Monthly
South Africa	10:00	Consumer Price Index Core (MoM) (May)	✓✓	-	-0.20%	Monthly
South Africa	10:00	Consumer Price Index Core (YoY) (May)	✓✓	-	3.20%	Monthly
UK	10:30	House Price Index (YoY) (May)	✓	1.90%	2.10%	Monthly
South Africa	13:00	Number of Foreign Tourist Arrivals (Apr)	✓	-	535094	Monthly
US	13:00	MBA Mortgage Applications (10-Jul)	✓	-	2.20%	Weekly
Canada	14:30	Manufacturing Sales (MoM) (May)	✓✓	9.50%	-28.50%	Monthly
US	14:30	NY Empire State Manufacturing Index (Jul)	✓✓	-	-0.20	Monthly
US	15:15	Industrial Production (MoM) (Jun)	✓✓✓	4.40%	1.40%	Monthly
US	15:15	Manufacturing (SIC) Production (MoM) (Jun)	✓✓✓	-	3.80%	Monthly
US	15:15	Industrial Production (Jun)	✓✓	-	92.60	Monthly
Canada	16:00	BoC Rate Statement	✓✓✓	-	-	As Scheduled
US	16:30	EIA Crude Oil Stocks Change (Barrels) (10-Jul)	✓✓✓	-	5.65mn	Weekly
Canada	17:00	Bank of Canada Interest Rate Decision	✓✓✓	0.25%	0.25%	As Scheduled
Canada	17:00	Bank of Canada Monetary Policy Report	✓✓✓	-	-	As Scheduled
Canada	17:15	BoC Press Conference	✓✓✓	-	-	As Scheduled
US	20:00	Fed's Beige Book	✓✓✓	-	-	As Scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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